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FM AMEMBASSY TOKYO  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7131  
INFO RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 1620  
RUEHFR/AMEMBASSY PARIS IMMEDIATE 6580  
RUEHUL/AMEMBASSY SEOUL IMMEDIATE 8277  
RUEHFK/AMCONSUL FUKUOKA IMMEDIATE 7146  
RUEHHK/AMCONSUL HONG KONG IMMEDIATE 6876  
RUEHNAG/AMCONSUL NAGOYA IMMEDIATE 4393  
RUEHNH/AMCONSUL NAHA IMMEDIATE 9502  
RUEHOK/AMCONSUL OSAKA KOBE IMMEDIATE 0964  
RUEHKO/AMCONSUL SAPPORO IMMEDIATE 7658  
RUEHGH/AMCONSUL SHANGHAI IMMEDIATE 0638  
RUEHIN/AIT TAIPEI IMMEDIATE 7516  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE  
RHEHAAA/NSC WASHDC IMMEDIATE  
RUEATRS/TREASURY DEPT WASHDC IMMEDIATE  
RUEHBS/USEU BRUSSELS IMMEDIATE

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SENSITIVE  
SIPDIS

STATE FOR E, EEB AND EAP/J  
NSC FOR LOI, RUSSELL  
USTR FOR AUSTR CUTLER, BEEMAN, LEE, AND HOLLOWAY

E.O. 12958: N/A  
TAGS: [ECON](#) [EFIN](#) [PGOV](#) [JA](#)  
SUBJECT: CHANGES COME WITH JAPAN POST HOLDINGS CO. BOARD  
MEETING

REF: TOKYO 2432

SENSITIVE BUT UNCLASSIFIED. CONTAINS BUSINESS SENSITIVE  
INFORMATION.

11. (SBU) SUMMARY: Former Ministry of Finance (MOF) Vice Minister Jiro Saito was named president of Japan Post Holdings Co. at a, October 28 board meeting. Most of the former board members, who hail from the private sector, were forced to resign. The new board, which doubled in size to 18 members, includes many former bureaucrats and public utility executives. The GOJ is moving ahead with the bill to halt the sale of Japan Post Group stock and will likely abolish the Postal Services Privatization Committee (PSPC). END SUMMARY.

NEW LEADERSHIP AND VASTLY EXPANDED BOARD OF DIRECTORS  
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12. (SBU) Former MOF Vice Minister Jiro Saito replaced Yoshifumi Nishikawa as president of Japan Post Holdings Co. on October 28 (reftel). Saito has been a somewhat controversial pick, since the Democratic Party of Japan (DPJ) has in the past sought to ban former bureaucrats from top administrative posts. When asked about this issue in a plenary session of the House of Representatives, Prime Minister Hatoyama said, "I believe he is competent and the right person should be placed in the right position... We just have to see how he manages."

13. (SBU) The board of directors was also doubled in size from nine to 18 members. Of the original board members, only Toyota Motor Corp. Senior Advisor Hiroshi Okuda and Mitsubishi Heavy Industries Advisor Takashi Nishioka remain. Inviting additional criticism for going back on its pledge to keep ex-bureaucrats from senior administrative posts, the Hatoyama Administration has appointed former Assistant Chief Cabinet Secretary Atsuo Saka and former Postal Services Agency senior official Seijiro Adachi as deputy presidents.

14. (SBU) Other new board members are: Seijiro Sekine

(former executive at Canon, Inc.); Toshinari Takai (former managing director of Long Term Credit Bank of Japan); Tadashi Okamura (Chairman of the Japan Chamber of Commerce and Industry and adviser to Toshiba Corp.); Chizuko Miura, aka Ayako Sono (novelist); Akio Harada (former Prosecutor General); Hiromitsu Ishi (former president of Hitotsubashi University); Hidekazu Inoue (senior adviser to Nippon Telegraph and Telephone East Corp.); Koichi Sugiyama (former special adviser to Mitsubishi Heavy Industries); Shingo Matsuo (chairman of Kyushu Electric Power Co.); Kyohiko Koike (mayor of Kamo City, Niigata Prefecture); Goro Kamino (CEO of Chubu Gas Co.); Taro Irimajiri (president and CEO of Irimajiri Group, Inc.); and Takao Watanabe (president Nishijin Textile Industrial Association).

BILL TO FREEZE SALE OF SHARES AND DOING AWAY WITH THE PSPC  
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15. (SBU) Also on October 28, the outline of a bill to freeze the sale of Japan Post Group companies' stock and the sale of a chain of hotels owned by the group was presented to members of the ruling coalition. The bill will be presented to the Cabinet on October 30 for its approval, before going to the Diet for action. Furthermore, the Nikkei newspaper reports that it is likely that the Postal Services Privatization Committee (PSPC) will be abolished.

17. (SBU) COMMENT. In a follow-up conversation to reftel, a local U.S. insurance industry representative said again that these actions are not a surprise and the DPJ is "doing what

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they said they were going to do." The changes are coming quickly, and industry and contacts in the bureaucracy appear to be taking a wait and see approach to see how things play out over the coming months. It remains clear that State Minister for Financial Affairs and Postal Reform and People's New Party leader Shizuka Kamei, who is spearheading the changes, has a clear mandate from his larger coalition partner, the DPJ, to take bold measures. At an Embassy-organized briefing for new Diet members, the DCM repeated the United States does not take a position either in favor or against privatization, but he made clear once again our position that there must be a level playing field between Japan Post Group companies and the private sector. One puzzling facet to the latest developments is the appointment of so many former members of the bureaucracy, especially considering the DPJ's previous opposition to such appointments and its stated intention to ban ex-bureaucrats from top posts. END COMMENT.  
ROOS